Comparing Financial Audit Market Dynamics in the European Union. Romanian case study

Anda GHEORGHIU
National University of Political Studies and Public Administration
30A Expoziției Blvd., Sector 1, 012104 Bucharest, Romania;
ORCID No. 0000-0001-5471-2933; anda.gheorghiu@facultateademanagement.ro

DOI: 10.25019/STR/2025.010

Abstract
The audit profession plays a crucial role in ensuring financial transparency, accountability, and investor confidence in capital markets. In the European Union (EU), statutory audits of public-interest entities (PIEs) are subject to strict regulation, primarily through Regulation (EU) No. 537/2014, which introduced requirements on audit rotation, restrictions on non-audit services, and enhanced oversight of audit quality. Despite these reforms, concerns regarding the high level of concentration in the audit market persist, as the Big Four firms - Deloitte, PwC, EY, and KPMG - continue to dominate statutory audits of PIEs, both in terms of engagement volume and, more notably, revenues. The study seeks to analyze the EU auditing services market, validate specific hypotheses related to audit market concentration, the duality of engagement versus revenue shares, and the potential impact of joint audits and sustainability assurance mandates on the market's evolution. As such, this paper examines the structure and dynamics of the financial audit services market in Romania, comparing it with selected EU countries, with a particular focus on audit concentration, the role of the Big Four networks, and the prevalence of joint audits. Drawing on data from the Committee of European Audit Oversight Bodies (CEAOB) Audit Market Monitoring Report (2024, covering 2018–2021), the study analyses both the number of statutory audit engagements for public-interest entities (PIEs) and the distribution of revenues from statutory audits. Romania and Poland are identified as cases in which at least one non-Big Four firm ranks among the top four by the number of PIE audit engagements. At the same time, France stands out as the main jurisdiction to have extensively practiced joint audits since the 60's. The findings confirm that audit market concentration is significantly higher when measured by revenues than by the number of engagements. Moreover, the paper highlights the potential effects of the Corporate Sustainability Reporting Directive (CSRD) on the future configuration of audit markets in Romania and the EU.

Keywords
Audit Market; Big Four; CSRD; European Union; Financial Audit; Romania.

Introduction

The audit profession plays a crucial role in ensuring financial transparency, accountability, and investor confidence in capital markets. In the European Union (EU), statutory audits of public-interest entities (PIEs) are subject to strict regulation, primarily through Regulation (EU) No. 537/2014, which introduced requirements on audit rotation, restrictions on non-audit services, and enhanced oversight of audit quality. Despite these reforms, concerns regarding the high level of concentration in the audit market persist, as the Big Four firms - Deloitte, PwC, EY, and KPMG - continue to dominate statutory audits of PIEs, both in terms of engagement volume and, particularly, revenues. At the same time, individual EU member states display different market structures.

Although a considerable body of literature examines audit market concentration and the dominance of large international audit networks, many studies focus on very developed Western economies or on global audit market trends. Unfortunately, comparative analyses that include emerging European audit markets, particularly in Central and Eastern Europe, are quite limited. In addition, existing research often measures market concentration using a single indicator, typically focusing either on the number of engagements or on revenue shares.

Thus, there is a need for comparative studies that analyze both dimensions of market concentration and examine how these structural characteristics manifest in emerging EU economies, such as Romania, which has experienced a transition from a communist planned economy to a market economy. Furthermore, the potential implications of recent regulatory developments, including the Corporate Sustainability Reporting Directive (CSRD), for the future configuration of the audit market remain insufficiently explored in the current literature. This study seeks to address these gaps by providing a comparative analysis of audit market concentration in Romania and several EU countries, selected for their representativeness.

This paper contributes to the literature by providing a comparative analysis of Romania's audit market vis-à-vis selected EU countries. The study seeks to validate specific hypotheses related to audit market concentration, the duality of engagement versus revenue shares, and the potential impact of joint audits and sustainability assurance mandates on the market's evolution.

Even though a noteworthy body of literature analyzes audit market concentration and the dominance of large international audit firms, research on the comparative structure of audit markets in Central and Eastern Europe, particularly Romania, remains quite limited. Existing studies primarily examine Western European economies or global audit market dynamics, while empirical comparative analyses that include Romania are quite limited.

Consequently, this study aims to address this gap by examining the structure of the audit market in Romania in comparison with selected EU countries, focusing on concentration indicators, the role of the Big Four networks, and the possible influence of regulatory developments such as the Corporate Sustainability Reporting Directive (CSRD).

Literature review

Extensive research over the past two decades has examined audit market concentration and the prevalence of large international networks. For instance, Francis, Michas, and Seavey (2013) emphasized that the dominance of the Big Four auditing firms is a global phenomenon. In the European context, the 2014 reform package (Regulation (EU) No. 537/2014 and the revised Audit Directive) led to increased academic research. Quick and Warming-Rasmussen (2015) examined the potential effects of mandatory rotation and limitations on non-audit services concerning auditor independence and market concentration. Providing non-audit services may compromise auditor independence.

According to André et al. (2016), audit fees tend to be higher in countries with strong investor protection, like the UK, compared to those with weaker protection, such as France and Italy, all else being equal, compared audit fees paid during the years 2007–2011 by listed companies in France, where joint audits are mandatory, with those paid by British and Italian companies. Studies focusing on Central and Eastern Europe, including Romania and Poland, are relatively scarce but provide valuable insights. Pop and Bota-Avram (2019) investigated audit quality perceptions in Romania and noted challenges related to resource constraints among smaller audit firms. Similarly, Dobija and Klimczak (2017) emphasized the mixed structure of the audit market in Poland, where non-Big Four firms retain relevance in specific sectors. The literature also highlights the unique case of France, where joint audits are mandatory for PIEs. André, Broye, Pong, and Schatt (2016) found that joint audits can increase competition and reduce market concentration, though they may also introduce coordination costs. This contrasts with the marginal role of joint audits in most other EU countries, including Romania.

Finally, emerging literature addresses the impact of sustainability reporting and assurance. With the adoption of the Corporate Sustainability Reporting Directive (CSRD), Simnett and Huggins (2022) argue that non-Big Four firms may find opportunities to expand their market share by offering sustainability assurance, particularly in the early stages when limited assurance is required.

This paper contributes by providing a comparative analysis of Romania's audit market against EU averages and two reference cases (Poland and France), examining both engagement and revenue concentration metrics, highlighting the presence and role of joint audits in Romania, and discussing the forward-looking implications of CSRD. Also, the paper continues an earlier study by the author (Gheorghiu, 2022) that examined contemporary audit trends regarding security and data storage, specifically cloud systems versus traditional systems. The concern for a modern audit was, in fact, a constant preoccupation of the author; for example, another article with an important impact was the approach to audit performance (Gheorghiu & Drăgănescu, 2019)

Methodology

This study represents a comparative quantitative research design to analyze the structure and concentration of the financial audit market in Romania and selected European Union member states. The purpose of this approach is to identify similarities and differences in market concentration, the prevalence of Big Four dominance, and the role of joint audits within diverse regulatory and institutional contexts. The study relies mostly on secondary data from public sources, such as the CEAOB Audit Market Monitoring Report 2020 (published in 2024), which aggregates information reported by national audit oversight bodies for the years 2018–2021.

The analysis is primarily based on secondary data from publicly available institutional reports and statistical sources. The main data source is the Committee of European Audit Oversight Bodies (CEAOB) Audit Market Monitoring Report (2024), which aggregates information reported by national audit oversight authorities for the period 2018–2021. Other data were collected from reports published by national supervisory bodies and professional organizations, such as ASPAAS (Romania), CAFR (Romania), Eurostat, and national professional audit registers. These sources offer comparable data on: the number of statutory auditors and audit firms; the number of audit engagements for public-interest entities (PIEs); revenues generated from statutory audit services; and the presence of joint audit practices across countries.

The research aims to address the following **objectives**:
R1: To compare structural indicators of the audit profession across selected EU countries.
R2: To analyze audit market concentration in Romania compared with selected EU countries (Poland and France), using both engagement-based and revenue-based concentration measures.
R3: To evaluate the presence of joint audits and explore the potential implications of the Corporate Sustainability Reporting Directive (CSRD) for the evolution of the audit market.

Prior studies indicate that audit markets across Europe are characterized by significant concentration, especially in the segment of public-interest entities, which is dominated by the Big Four networks (Francis et al., 2013). Simultaneously, research shows that concentration tends to be higher when measured by revenue rather than by the number of engagements (Quick & Warming-Rasmussen, 2015). Besides, studies examining the French joint audit model highlight its potential role in increasing competition and reducing excessive market concentration (André et al., 2016).

Operationalization of hypotheses

The research hypotheses were operationalized using observable structural indicators of the audit market.

H1: Despite the existence of common EU regulatory frameworks for statutory audits, the structure of the audit profession and the density of auditors vary considerably across EU member states. This hypothesis is examined using comparative indicators such as the number of auditors per 1,000 enterprises and the number of enterprises per auditor, which describe the density and structure of the audit profession.
H2: Revenue-based concentration is higher than engagement-based concentration in both Romania and the EU. This hypothesis is tested by comparing concentration indicators calculated using two metrics: the share of audit engagements and the share of revenues generated by audit firms.

H3: Joint audits are quite marginal in most EU countries except France, but regulatory developments such as the CSRD may change the future structure of the audit services market. This hypothesis is explored through descriptive analysis of joint audit prevalence and discussion of regulatory developments affecting sustainability assurance.

Concentration indicators

To assess the level of concentration in the audit market, the study utilizes commonly used structural indicators from industrial organization and audit market research. The Concentration Ratio (C4) measures the combined market share of the four largest audit firms in a certain market. In this study, the C4 ratio is calculated using two different perspectives:

→ Engagement-based concentration, which reflects the share of statutory audit engagements held by the largest firms.

→ Revenue-based concentration, which reflects the economic power of firms based on their share of audit revenues.

In addition, the Herfindahl–Hirschman Index (HHI) is used as a complementary indicator of market concentration. The HHI is calculated as the sum of the squared market shares of all firms operating in the market. Higher values indicate a more concentrated market structure, as lower values suggest greater competition.

Using both indicators allows the analysis to capture the dual structure of the audit market, in which a small number of large firms dominate revenue while a larger number of smaller firms perform an important share of audit engagements.

Comparative country selection

The comparative analysis focuses on Romania, Poland, and France, selected for their different institutional and historical characteristics. Romania represents an emerging audit market within the EU, characterized by relatively recent institutional development. Poland provides a comparable Central and Eastern European case with a more consolidated professional structure. France represents a mature audit market with a long-standing tradition of mandatory joint audits. This selection allows the study to highlight different regulatory and structural models within the European audit landscape.

Results and discussion

R1: To compare structural indicators of the audit profession across selected EU countries

After aggregating data provided by several professional bodies of auditors in the EU, it emerged that among the largest organizations, in terms of number of members, are Germany, France, Spain, Italy, and Poland. In Table 1, the meaning of the indicators is as follows: “Auditors / 1,000 enterprises” = (number of auditors ÷ number of enterprises) × 1000 — shows the density of the profession in the business economy, and “Enterprises / auditor” = vice versa — how many enterprises (on average) are responsible for a single auditor.

Table 1. Comparison between several professional bodies of auditors in the EU

Country	Auditors (source)	Active enterprises (source, year)	Auditors / 1,000 enterprises	Enterprises / auditor (approx.)
Germany	**15.022** (WPK –professional statistics)	**~3.200.000** (Eurostat, active enterprises, 2022)	**4.69** aud./1.000 ent.	**~213** ent./ auditor
Spain	**21.522** (Official Audit Register — ICAC, 2023)	**~3.500.000** (Eurostat, 2022)	**6.15** aud./1.000 ent.	**~163** ent./ auditor

France	**13.132** (CNCC – number of members/ commissaires aux comptes, Accountancy Europe)	**~5.200.000** (Eurostat, 2022)	**2.52** aud./1.000 ent.	**~396** ent./ auditor
Italy	**39.535** (Registro dei Revisori Legali – report MEF / register, value reported in MEF statistics, 2023)	**~4.600.000** (Eurostat, 2022)	**8.59** aud./1.000 ent.	**~116** ent./ auditor
Poland	**4.948** (register / report PANA – statutory auditors, 2023)	**2.675.900** (national statistics/ Eurostat, active enterprises, 2022)	**1.85** aud./1.000 ent.	**~541** firme / auditor
Romania	**~4.632** (value reported in European reports/ professional registers; CAFR is the local source)	**~521.000** (SME population / estimate EIB — active companies)	**~8.89** aud./1.000 ent.	**~117** firme / auditor

Sources: data were collected, classified, and interpreted by the author from Eurostat and national audit regulators' official websites

Regarding data comparability, some important clarifications are needed. First, in some Member States, the statistics include all auditors registered in the national registers, both active and inactive, whereas in other Member States only active practitioners are reported, which affects the value of the indicator "number of auditors". Second, the information on the number of auditors comes from official reports for 2023/2024, while the data on the number of enterprises is based on 2022 figures.

By analyzing Table 1, significant differences between countries are observed in terms of the density of auditors compared to the total number of firms - France and Poland present lower values (i.e., more firms per auditor), while Germany and Spain register higher densities (a higher number of auditors compared to the total number of enterprises). These variations have complex causes, such as the degree of development of the economy, the tradition in the audit profession, the market structure, the mandatory audit thresholds, the volume of audit missions performed, the quality of audits, as well as the differences in the definition of the status of "registered auditor".

Following a comparative analysis based on professional reports, market studies, and documents published by national supervisory bodies and Accountancy Europe, regarding the situation of auditors in Germany, France, Spain, Italy, Poland, and Romania, both common elements at the European level and specific characteristics of each national context were identified. Thus, the main common problems in all EU countries are the following: pressure on auditor independence, increasing complexity of accounting and audit regulations, digitalization and technology, risk of litigation and sanctions, shortage of qualified personnel, and pressure on audit service prices.

Regarding the specific issues in the countries analyzed, we have identified several aspects worth considering. Thus, in Germany, large audits are concentrated in the Big 4, while small firms face a shortage of clients and strong competition, and must comply with complex WPK and EU reporting requirements. In France, SMEs, including family businesses, cannot afford high audit fees. In Spain, auditing is not mandatory for small companies, and there are frequent legislative fluctuations (for example, regarding the accounting of micro-firms). In Italy, there is a dual system of auditors and accountants; there are difficulties in applying international standards for SMEs, and there is a tendency to concentrate clients in the Big Four. In Poland, the auditing profession is relatively new, leading to a shortage of experienced financial auditors with casuistry, and the market is concentrated in a few large cities. In Romania, most companies are SMEs, which are not audited; there is legislative and institutional pressure (ASF, ANAF, EU Audit), a chronic shortage of experienced auditors, and an aging of those currently practicing, which will soon lead to an increased shortage of experts, despite some little progress in digitalization.

In France and Germany, the law places great importance on issues related to conflicts of interest. On the other hand, in Romania and Poland, most of the pressure comes from small businesses and close customer relationships. All nations are required to apply IFRS and EU regulations in the field of auditing, but there are differences in how they are implemented. For example, Italy and France have stricter rules, while Poland and Romania progressed later, due to their communist past. In Germany and Spain, there is significant investment in digital auditing, while Romania and Poland are gradually adopting this system. In Romania and Poland, the audit market for small businesses is more developed, while in France and Italy, there is a mixed system of local and large auditors. In Germany and Italy, the shortage of auditors is felt more in smaller cities, whereas in Romania and Poland, it is more widespread at the national level.

As a conclusion, the research hypothesis (H1) is confirmed.

R2: To analyze audit market concentration in Romania compared with selected EU countries (Poland and France), using both engagement-based and revenue-based concentration measures

The research hypothesis aims to highlight the structural particularities of the Romanian audit market in relation to distinct European models. To analyze the structure and competitiveness of the financial audit services sector, it is necessary to assess the concentration of the audit market, as it characterizes the degree of independence, professional diversity, and accessibility of services for small and medium-sized entities. On the contrary, a fragmented market favors competition, innovation, and diversity in professional offers for external audit.

Romania, as an emerging economy within the European Union, has an audit services market at a relatively early stage of development compared to other Member States. Unlike France, where the profession has a consolidated tradition and where professional bodies play a consistent role in supervising and standardizing the activity, the Romanian market is characterized by a lower level of institutional maturity and a significant fragmentation of actors. Also, compared to Poland, a state with a similar regional profile, Romanian audit firms exhibit a lower degree of professional and organizational consolidation.

In the literature, market concentration is analyzed mainly through structural indicators, which quantify the distribution of market share among active firms. Among them, the most widely used is C_4 (the concentration of the first four operators), which reflects the market share held by the four largest audit firms.

The measurement can be carried out from two distinct perspectives:
1. Engagement-based concentration – based on the number of audit missions performed
2. Revenue-based concentration – based on the total revenues obtained from audit activity.
The first approach reflects the volume of activity, and the second captures the economic value and financial power of the firms.

In the European Union, the audit market is dominated by four large international firms, with dozens of subsidiaries and thousands of employees on all continents - Deloitte, PwC, EY, and KPMG, known as the “Big Four”, which enjoy enormous prestige and credibility. In most member states, these firms hold market shares between 65% and 85%. An index that measures market concentration, i.e., the extent to which a few large firms dominate an industry, is the Herfindahl-Hirschman Index (HHI), which is calculated by summing the squares of each firm's market share. Higher values indicate a more concentrated market, and lower values indicate greater competition, approaching perfect competition.

According to data published by the European Commission and the European Audit Oversight Bodies (EAOB), the average HHI for the PIE (Public Interest Entities) segment exceeds 2,000, indicating a moderately high level of concentration. Western European countries, such as France and Germany, have a relatively high concentration of audit firms, including a significant share of medium-sized firms (such as Mazars, BDO, and Grant Thornton). In contrast, emerging economies in Central and Eastern Europe tend to be more polarized, with a clear dominance of the Big Four and a modest share of local firms. The Big Four share in the number of statutory audits of PIEs is ~59%, while the Big Four share in PIE audit revenues is ~86%.

The concentration of the "CR4" (the top 4 firms in each country) is, on average, 70%, and the "10KAP" (the top 10 networks) reaches 81% by number of PIE audits, indicating an oligopolistic market at the European level, but with room for other players. The CEAOB highlights the fact that in Romania and Poland (along with other states), the Big Four are not all the four largest firms by number of PIE audits, which is very good, as there is greater diversification in the engagement segment (at least one non-Big Four player is in the top 4 by volume).

In the following, we have made an international comparison: Romania – Poland – France.

- → Poland is an emerging economy with a similar evolution, but with a more advanced consolidation of the accounting profession and uniform regulation under the supervision of PANA (*Polska Agencja Nadzoru Audytowego*).
- → France is a mature market, with a long tradition and a significant presence of non-Big Four firms (Mazars, RSM, Exco, Baker Tilly).
- → The Romanian audit market (which, in practice, officially began to exist in 2000 with the establishment of CAFR) has undergone significant evolution over the last 15 years, influenced by the convergence of national regulations with European directives (Directive 2006/43/EC and subsequent amendments). According to data available through the Authority for the Public Supervision of Statutory Audit Activity (ASPAAS) and CAFAR reports, over 600 audit firms and over 1,000 individual auditors operate in Romania. However, revenues are strongly concentrated among the top five operators, dominant in the large entities and the PIE segment.

Table 2. Comparison of the financial audit market in selected countries

Country	*C_4 (revenues)*	*C_4 (missions)*	*Concentration degree*
Romania	70%	35%	High (income) / moderate (missions)
Poland	60%	45%	Moderate to high
France	50%	40%	Moderate

Sources: data from CEAOB Market Monitoring Report 2023, European Commission 2023, and national audit oversight reports - Romania, Poland, France

The results show that Romania has the highest concentration based on revenues, which denotes a high share of Big Four services in the audit of large entities. In contrast, at the level of missions, the structure of the audit services market in Romania is close to that of Poland, being characterized by a multitude of contracts with lower audit fees and a fragmentation of the market in the segment of local firms.

Estimates based on reported revenues indicate the approximate shares (for the year 2023) included in Table 3.

Table 3. Characterization of the audit market in Romania

Audit firms	*Market share (revenue)*	*Market share (no. of engagements)*
Big Four (PwC, EY, Deloitte, KPMG)	~70%	~35%
Medium companies (Mazars, BDO, Grant Thornton, etc.)	~20%	~40%
Small firms and individual auditors	~10%	~25%

Sources: Data on the structure of the audit market in Romania is based on ASPAAS reports-Activity Report 2023, supplemented with own estimates from public sources regarding firms' revenues

It follows that, based on revenues, the concentration is high ($C_4 \approx 70\%$, HHI > 2,500), but based on the number of missions, the structure is more dispersed ($C_4 \approx 35\%$, HHI ≈ 1,000). This aspect reveals a dual structure on the Romanian market, which has a small number of large firms, with significant financial power, while several small auditors usually carry out audit missions. Concentration indicators calculated based on revenues and those calculated based on the number of missions reflect this dual structure of audit demand: large and public interest entities turn much more often to the Big Four firms, which creates a high concentration of revenues, while small and medium-sized entities contract local auditors, leading to a lower concentration depending on the number of missions.

The analysis of audit market concentration reveals that, in Romania, the audit services market is characterized by a high degree of concentration on the revenue criterion, like Western European economies, but also by relative dispersion on the number of missions criterion, characteristic of a market in transition.

Compared to Poland and France, Romania shows pronounced polarization: the Big Four firms dominate the large-entity segment, while missions for SMEs are distributed among numerous independent auditors. Comparing the two types of measurement - engagement-based and revenue-based - emphasizes the fact that revenues provide a more accurate picture of economic power and influence on the market, while the number of missions rather captures the social dimension and diversity of the profession. If we compare aggregate data of companies in the CAEN code 6920, based on the last balance sheet submitted (2024) by companies in Romania, we will notice that after the Big Four, the largest audit companies are the following: TMF, BDO, Vulpoi&Toader, Forvis Mazars, Finexpert Boscolo, Roedl, Soter, RSM, TPA.

Therefore, the research hypothesis (H2) is confirmed. From a public policy perspective, regulatory authorities should encourage market diversification by supporting medium-sized firms and by strengthening the professional capacity of local auditors.

R3: To evaluate the presence of joint audits and explore the potential implications of the Corporate Sustainability Reporting Directive (CSRD) for the evolution of the audit market

The European Union has set the diversity and competitiveness of the audit market as strategic objectives to reduce the risk associated with the excessive concentration of audit services among a few large international networks. In this context, two public policy and regulatory directions have gained relevance in the last decade: the promotion of joint audit and the extension of non-financial and sustainability reporting requirements (CSRD – Corporate Sustainability Reporting Directive).

Research hypothesis (H3) starts from the premise that these two mechanisms can contribute, in a complementary way, to increasing transparency, competition, and complexity of audit services in Romania.

A joint audit involves the appointment of two independent statutory auditors or audit firms to jointly audit the financial statements of an entity. The result is a joint audit report, signed by both auditors, who share the professional responsibility and risk associated with the mission. This practice was first established in France, where it has been mandatory for listed entities since the 1960s, allowing the involvement of a large firm (usually from the Big Four networks) together with a medium-sized or local firm, promoting the transfer of skills, market diversification, and reducing the risk of dependence on a single global provider.

At the European Union level, Directive 2014/56/EU and Regulation (EU) No 537/2014 encourage Member States to promote joint audit, but without imposing it.

Regarding Joint Audit, brief research based on public reports has been done, and the result is the following:

a) In the EU, there are a few countries where Joint Audit is mandatory for public interest entities (PIEs), such as France (since ca. 1966), Bulgaria (for banks, insurance, pension funds), and Croatia (for certain PIEs).

b) In other EU countries, Joint Audit is allowed voluntarily and has variable adoption rates. For example: Sweden - ~37.6% of PIEs use Joint Audit; Spain - ~33.1%; Finland - ~18%; Czech Republic - ~11.8%; Belgium - ~11.2%.

c) According to the European Commission / CEAOB report, the statutory audit market for PIEs is highly concentrated: the "Big Four" firms dominate, in terms of revenue, over 86% of the revenue for statutory audits of PIEs at the EU level in the latest reported data.

In Romania, joint audits are not a common practice, although the legislation allows the appointment of two statutory auditors for the same entity. According to data published by ASPAAS (Authority for the Public Supervision of Statutory Audit Activity) and analyses from CAFR (Romanian Chamber of Financial Auditors) reports, less than 2% of audited entities use a joint audit model, most of which are subsidiaries of international groups that apply this practice at the group level.

The reasons for this situation are multiple: a lack of legal or fiscal incentives to choose a joint audit, additional coordination costs between two firms, and the reluctance of audited entities to manage parallel contractual relationships.

Another major dimension of the research is the Directive (EU) 2022/2464 – Corporate Sustainability Reporting Directive (CSRD), adopted in December 2022. It significantly expands the non-financial reporting requirements (ESG – environmental, social, governance), targeting approximately 50,000 European companies, compared to approximately 12,000 in the previous regulation (NFRD).

According to the CSRD, companies will have to publish detailed information on sustainability strategies and environmental impact, climate change risks and opportunities, governance and diversity policies, social and ethical performance.

In addition, sustainability reports will have to be subject to an audit (limited assurance, subsequently reasonable assurance) carried out by a statutory auditor or an accredited independent provider. This provision has a direct impact on the audit market, as it creates a new category of assurance services that require a mix of financial, non-financial, and sustainability skills.

Regarding the other component of the research hypothesis, the data and contexts for Romania regarding CSRD and external audit/sustainability are the following:

a) CSRD has been transposed locally through several regulations: Order of the Minister of Finance no. 85/2024, ASF Norm no. 4/2024 and NBR Order no. 1/2024

b) It is stipulated that sustainability reporting will have to be audited by a third party: a statutory auditor or audit firm, or another statutory auditor/authorized firm

c) In Romania, only 22% of CFOs declared that they are prepared for ESG audits (in the sense of rigorous verification of sustainability information) in the context of CSRD

d) Transparency is relatively low in practice, as out of about 750 companies with over 500 employees, only ~40 have sustainability reports published at an adequate level (and only ~5% report sustainability practices transparently)

e) The number of Romanian companies targeted by the CSRD is approximately 5,300 companies; they will have to prepare sustainability reports in the period 2025–2026.

Unfortunately, the information is still incomplete, in the sense that we have not identified existing public data on how much joint auditing is used in Romania, nor have been found a recent market study measuring the concentration on the statutory audit market in Romania in terms of market shares, number of clients, revenues, comparing before vs. after CSRD.

However, there are two converging trends, namely the need to diversify and adapt the audit profession to new economic and sustainability realities. Although Romania is still in its early stages of joint audit, the French experience shows that this model can help reduce market concentration and strengthen auditor independence. At the same time, the implementation of the CSRD will increase demand for audit and assurance services, likely leading to the emergence of new players and skills on the market. Therefore, the cumulative effect of these two processes could, in the coming years, lead to a more diverse, more open, and more integrated audit market in the context of European sustainability and governance trends.

The research hypothesis (H3) regarding the interaction between joint audit, market diversity, and CSRD effects is of strategic value, offering real opportunities for a comparative analysis between Romania and other EU Member States in the process of transforming the accounting and auditing profession. The hypothesis cannot be confirmed 100% currently, as joint audits are present in Romania but are marginal at the EU level, except in France. A joint audit promotes collaboration between firms, reducing economic concentration, and the CSRD generates demand for new skills, expanding the professional scope of audit.

Briefly, audit market concentration in the EU is significantly higher when measured by revenues than by engagements, with the Big Four maintaining dominant positions. Romania has a somewhat more diversified engagement structure, but revenue concentration remains quite strong. While joint audits are present, they are not widespread outside France. The results underline the need for continued monitoring of audit market structures in CEE countries, especially considering CSRD's implementation. Opportunities may emerge for non-Big Four firms to expand into sustainability assurance, potentially reshaping competition in the medium term.

Conclusions

This study highlights that the Romanian audit market is moderately concentrated, with the Big Four still having a dominant position. Compared to Western Europe, Romania currently has greater diversity in audit firm participation, although the concentration of the revenue base indicates similar structural trends. The insignificant number of joint audits does not support competition; however, the stability of regulations supports the development of the financial audit profession. In Eastern Europe, Poland presents a comparable dynamic, while the French tradition of joint audits supports a more balanced market. It is likely that in the future, the implementation of the Corporate Sustainability Reporting Directive (CSRD) will bring changes, opening potential new opportunities for mid-level firms. The research has several limitations. First, the analysis relies chiefly on secondary data from public reports, which may reflect differences in data-collection methods across countries. Second, the accessibility of comparable data for audit market concentration is limited in certain jurisdictions. Third, the analysis centers mainly on the period 2018–2021 and does not yet capture the full effects of recent regulatory changes, such as the implementation of CSRD.

From a public strategy perspective, the findings emphasize the need to encourage greater diversity in the audit market by supporting medium-sized firms and improving professional capacity among local auditors. Additionally, the growth of sustainability reporting requirements through the CSRD may create new opportunities for smaller and mid-tier firms to enter the assurance services market. Future research could extend the analysis by incorporating additional EU countries and by examining the long-term impact of sustainability assurance on audit market structures.

References

André, P., Broye, G., Pong, C., & Schatt, A. (2015). Are Joint Audits Associated with Higher Audit Fees?. *European Accounting Review*, *25*, 245–274. https://doi.org/10.1080/09638180.2014.998016

ASPAAS. (2023). *Annual Report on the Statutory Audit Activity in Romania.* https://www.aspaas.gov.ro/wp-content/uploads/2024/05/Raport-de-activitate-2023_site.pdf

CAFR. (2023). *Annual Report of the Romanian Chamber of Financial Auditors*. https://www.cafr.ro/wp-content/uploads/2024/05/1.-Raportul-de-activitate-CAFR-2023.pdf

Committee of European Audit Oversight Bodies (CEAOB). (2024). *Report on audit market monitoring 2020*. Publications Office of the European Union.

Dobija, D., & Klimczak, K. M. (2017). Development of accounting in Poland: Market forces and ideology. *Accounting History*, *22*(1), 45–67. https://doi.org/10.1177/1032373216659746

European Commission and the European Audit Oversight Bodies (EAOB) (2024). Joint Report on developments in the EU market for statutory audit services to public interest entities from 2019 to 2021. https://data.consilium.europa.eu/doc/document/ST-8738-2024-INIT/en/pdf

Eurostat. (2023). Structural business statistics database. https://ec.europa.eu/eurostat

Francis, J. R., Michas, P. N., & Seavey, S. E. (2013). Does audit market concentration harm the quality of audited earnings?. *Contemporary Accounting Research*, *30*(1), 325–355. https://doi.org/10.1111/j.1911-3846.2012.01156.x

Gheorghiu, A., (2022). Cloud-Based Accounting Services-Market Analysis and Prospects for the Future in Romania. In *Strategica. Sustainable Development and Strategic Growth* (pp. 305-316), Tritonic. https://strategica-conference.ro/strategica-2022-sustainable-development-and-strategic-growth/

Gheorghiu, A., & Drăgănescu, C. (2019). Performance Audit of Public Entities. The Romanian Ombudsman Case. In *Strategica. Upscaling Digital Transformation in Business and economics* (pp. 406-415), Tritonic. https://strategica-conference.ro/strategica-2019/

ICAC (2023). *The state of auditing in Spain 2023*. https://www.icac.gob.es/sites/default/files/2024-05/ICAC%20Situacion%20de%20la%20AC%202023%20-%20ING.pdf

Istituto Nazionale Revisori Legali. (2024). Mef: pubblicata nell'area statistiche l'analisi 2023 sugli iscritti al registro dei revisori [MEF: the 2023 analysis of registered auditors has been published in the statistics section]. https://www.revisori.it/2024/01/30/mef-pubblicata-nellarea-statistiche-lanalisi-2023-sugli-iscritti-al-registro-dei-revisori/#:~:text=Pubblicato%20sul%20sito%20del%20Mef%2C%20sezione%20Revisione,sintesi%20significativa%20del%20complesso%20sistema%20di%20dati

Polish Agency for Audit Oversight (PANA) (2025). Report on Monitoring the Market for Audit Services Provided by Statutory Auditors and Audit Firms in 2023. https://pana.gov.pl/wp-content/uploads/2025/03/PANA_Market-Monitoring-Report-for-2023.pdf

Pop, A., & Bota-Avram, C. (2019). Audit quality in Romania: Perceptions of auditors and users of financial statements. *Journal of Accounting and Management Information Systems, 18*(3), 427–446. https://doi.org/10.24818/jamis.2019.03005

Quick, R., & Warming-Rasmussen, B. (2015). An Experimental Analysis of the Effects of Non-audit Services on Auditor Independence in Appearance in the European Union: Evidence from Germany. https://doi.org/10.1111/jifm.12026

Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities. Official Journal of the European Union, L 158, 77–112.

Simnett, R., & Huggins, A. (2022). Assurance of sustainability reports: The impact of the EU CSRD. *Sustainability Accounting, Management and Policy Journal*, *13*(5), 1010–1028. https://doi.org/10.1108/SAMPJ-03-2022-0172

Received: September 25, 2025
Revised: March 18, 2026
Accepted: March 25, 2026